

Approved: June 19, 2007

Minutes – KHPA Board Meeting of April 17, 2007, Eisenhower State Bldg, 4th Floor Conf Rm B, Topeka KS

Board Members Absent:

- Arneatha Martin
- Secretary Duane Goossen
- Secretary Rod Bremby
- Commissioner Sandy Praeger

All Remaining Board Members Present

Board Staff Present:

- Dr. Marcia J. Nielsen, Executive Director
- Dr. Andrew Allison, Deputy Director
- Scott Brunner, Chief Financial Officer

Legal Counsel Present

- H. Philip Elwood

Guests:

- Craig VanAalst, Kansas Insurance Department
- Aaron Dunkel, KDHE
- Laura Howard, SRS

Call to Order – Welcome by Connie Hubbell, Board Chair

Chair Hubbell called the meeting to order and reviewed today's agenda.

Review and Approval of Minutes. The minutes from the March 20, 2007, KHPA Board meeting had been previously distributed and reviewed by the Board members.

ACTION: A motion was made, seconded and passed to approve these minutes as printed.

Revised 2007 Board Meeting Proposed. The schedule of remaining 2007 Board meetings had been revised at the March 2007 Board meeting. This revised schedule, which cancelled July, October, and December 2007 meetings, was reviewed again during today's meeting. A proposal was made to revise the meeting schedule for the remaining 2007 Board meetings which would cancel the May, July, and December 2007 meetings as well as return the October meeting date back to the meeting schedule. All remaining monthly meeting dates for 2007 would remain unchanged. The Board would then meet monthly again in January, February, March and April 2008.

- **ACTION:** A motion was made, seconded and carried to approve this revised meeting schedule. The May, July, and December 2007 meetings will be cancelled; and the October 16th meeting date will be placed back on the 2007 Board meeting schedule. Additional updates will be made available to the Board via email messages.

Legislative Updates/Announcements by Dr. Marcia J. Nielsen, Executive Director

Legislature's Break – April 4th to 25th. The 2007 legislature is currently on break, with the full House and Senate returning on April 25th. The Omnibus Committees, however, will return the week of April 16th, to begin budget hearings.

Agency Website: www.khpa.ks.gov

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Medicaid and HealthWave:

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Fax: 785-296-4813

State Employee Health

Benefits and Plan Purchasing:
Phone: 785-296-6280
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Phone: 785-296-2364
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Review of Bills of Interest to KHPA. Dr. Nielsen provided status of a number of bills which would have significant impact on KHPA as outlined below:

- Senate Bill 11, Health Reform Legislative Package developed by the Health for all Kansans Steering Committee and approved by the KHPA Board last month. This bill was amended during conference committees to include language from:
 - Substitute for SB 309 (Enabling Legislation)
 - SB 387, Premium Assistance
 - SB 373, Inspector General
 - SB 323, Third Party Liability
 - SB 365/HB 2547, Safety Net Clinic Capital Loan Guarantee Act
 - HB 2328, Small Business Association Grant
 - Section 125 Plans

Dr. Nielsen expressed her appreciation especially to Senators Jim Barnett and Laura Kelly and Representatives McKinney and Hill for their support in this legislation.

- **ACTION:** Dr. Nielsen added that, once the conference committee's report is signed, an update will be provided to the Board which will outline the necessary steps needed by KHPA to begin implementation, especially in the area of premium assistance.
- HB 2367, Imposing certain prohibitions on receipt of public benefits
- HB 2418, Concerning the definition of general hospital
- HB 2530, Consumer Protection Bill (after conference committee, language amended into SB 55)

Joint Agency Legislative Bills of Interest.

- SRS – Assistant Secretary Laura Howard distributed a summary of SRS Legislative Proposals which outlined status of HB 2393 (Child Support Enforcement Fee Clarification and Medical Support Changes); SB 354 (Alcohol and Drug Abuse Treatment/Community Alcoholism and Intoxication Program); SB 355 (Eliminates the Sunset on Foster Care Educational Assistance Act); HB 2455 (Revised Interstate compact on the Placement of Children); HB 2503 (Child Support Enforcement Insurance Liens)
- Aging – Secretary Kathy Greenlee provided a brief summary of Aging's key legislative bills and budget requests which included approval of KDOA budget request to provide funding for oral health services and dentures to individuals on the Home and Community Based Services (HCBS) Frail and Elderly Waiver Program; HB 2144 (Reimbursement rates for nursing facilities); HB 2236 (Geriatric Mental Health Act); HB 2535 (Fees for Licenses to operate adult care homes).
- KDHE – Dr. Howard Rodenberg briefly reviewed two primary KDHE legislation including SB 211 (Safety Belts and enforcement); and SB 37 (Clean Indoor Air Act). He also reported there were two major budget requests which KDHE staff were monitoring, one would provide for additional immunization efforts and the second request would provide funding to study health disparity issues in Kansas.

Tours for Kansas Medicaid Clearinghouse. Arrangements were made for legislators and KHPA Board members to tour the Kansas Medicaid Clearinghouse, to provide an opportunity to see first-hand the impact of the new federal citizenship and identity requirements has had on the Medicaid enrollment and application process. These tours had been scheduled for April 9th and 16th; and KHPA will consider scheduling additional tours once again, after the 2007 legislative session adjourns.

Health Information Exchange (HIE) Commission. The HIE was recently restructured and held its initial meeting on March 30th to begin planning for developing and implementing steps toward a health information exchange. The HIE will play an integral part in the discussion and development of health reform initiatives for Kansas. The HIE will hold its next meeting on May 2, 2007.

Medicaid/HealthWave Leadership. Dr. Nielsen referred to a copy of a recent press release which announced the appointment of Dr. Andrew Allison as the permanent Director of Medicaid and HealthWave, as well as Chris Swartz as Deputy Director of Medicaid/HealthWave. Dr. Allison had been serving as Acting Director of these programs since October 2006. Ms. Swartz will also continue to serve as Director of Medicaid Operations as well.

CMS Audits/Deferrals/Disallowances – Agreement with KHPA. Dr. Nielsen provided an update on the efforts

being made to resolve outstanding deferrals and audits from Centers of Medicare/Medicaid Services (CMS) and the Office of Inspector General (OIG). Over the past year, KHPA has been working closely with CMS regional staff to develop a comprehensive solution to outstanding issues in three specific program areas which include: Local Education Agencies, Targeted Case Management, and Mental Health/Child Welfare. KHPA and other Kansas agencies have made a concerted effort to bring Kansas into full compliance with the federal regulations and state plan provisions in these program areas. As a result, an agreement has been reached between the State of Kansas and the CMS that Kansas has resolved all outstanding administrative and payment issues identified by CMS and OIG. A copy of this agreement was distributed to the Board members. The resolution of these issues, and agreement with CMS to release claims on additional liabilities, is contingent upon implementation of the agreed-to reforms on July 1, 2007. Dr. Nielsen closed by advising this information had been shared with the legislature and that a request for supplemental funding for approximately \$90 was made, to allow for paying the outstanding settlement of these issues.

Report by Dr. Andrew Allison, Deputy Executive Director and Director of Medicaid and HealthWave Programs

Federal Generic Drug Pricing Changes. Changes to the generic drug pricing due to the implementation of a July 2007 federal provision of the Deficit Reduction Act (DRA) were briefly reviewed. These changes would affect the reimbursement calculation for those pharmacies which disperse generic drugs for Medicaid recipients, by including an average manufacturer price that takes into account mail-order prices and rebates to Pharmacy Benefit Managers (PBM). For those pharmacies who do not participate in the prescription mail-order business (which would be the majority of the independent pharmacies located in the rural areas), the reimbursement rate for dispensing generic drugs would be significantly reduced and, additionally, would eliminate the incentive to offer generic drugs to individuals. The discussion among Board members included suggestions to: 1) complete an analysis which would address the issues of access, volume, and impact on rural pharmacies; 2) encourage the small rural pharmacies to form a coalition to partner with the prescription mail-order businesses. Dr. Allison closed by stating he and his staff would continue to monitor this issue and will keep the Board members updated.

Report on Disproportionate Share for Hospitals (DSH). KHPA staff continue to work with an advisory group which includes KS Hospital Association staff and consultants to develop a new method to reimburse hospitals for uncompensated care. The group has been regularly meeting and is now reviewing a number of policy options which would address this issue. Dr. Allison will continue to keep the Board updated on this issue.

Federal Medicaid Issues: Dr. Allison reviewed an article related to the SCHIP funding at the federal level, from the "Medicaid Monthly Bulletin" and noted that both the House and Senate at this time have approved budget resolutions which would allocate a \$15 billion increase over five years, which would be sufficient to sustain the current level of funding for Kansas SCHIP. He then briefly reviewed the analysis of the President's FY 2008 Budget Proposal and its Potential Impact on Kansas Medicaid. He closed by stating there has recently been an increased amount of media attention related to SCHIP funding but that Kansas is among a number of states which are raising the level of awareness of the impact of SCHIP funding with its respective Congressional delegation.

New Citizenship and Identity Verification Requirements. KHPA and contract staff continue to monitor and manage the workload volume related to the backlog in Medicaid applications due to the new citizenship and identity requirements. The increase in numbers of backlog applications has stabilized, but the work continues to process the current pending applications. KHPA was encouraged upon receiving information that the 2007 Legislature had authorized additional resources and funding for the Clearinghouse. Once the details of these additional resources are finalized, KHPA will send a letter to the appropriate Medicaid providers to let them know how KHPA plans to expand the Clearinghouse with the additional resources. Chair Connie Hubbell added that the Governor had signed a letter addressed to the Congressional delegation, in which KHPA again expressed concerns with the impact of the new citizenship and identity requirements to the Medicaid population.

- **ACTION:** A copy of the Governor's letter will be distributed to the Board members via email.

Managed Care Contracting Issues. In follow-up to the recent transition to new managed care contractors, Dr.

Allison and staff have held regular meetings with the new contractors to ensure a continuing transition and timely follow-up. There have been specific areas of discussion with Unicare to include: 1) Development of a **"Provider Issue Log"** on-line; 2) **Follow-up to Provider Training** to include attendance numbers and common areas of concern; 3) **Provider Communication** to ensure timely postings of information on website; 4) Maintaining a **Unicare presence in Kansas**, by conducting bi-weekly meetings with stakeholders and updating weekly claims payment reports. Dr. Nielsen and Dr. Allison both agreed that progress is being made but if any of the Board members hear of specific concerns in these areas, please contact Dr. Allison.

- **ACTION:** Chair Hubbell requested that an update on the Managed Care Organizations be provided to the Board on a quarterly basis. There is currently an update scheduled for the June 19th meeting; and two additional status reports will be provided at the August 21st and the November 13th Board meetings.

Report by Scott Brunner, Chief Financial Officer

Review of Expenditure Report and Performance Summaries. The KHPA FY 2007 expenditure report which outlined expenditures through March 2007 was reviewed by the Board members. This included expenditures in the areas of Assistance, Administration, Funding, and the State Employees Health Benefits program. A request was made to consider developing an analysis which would provide benchmark measurements, states' rankings of expenditures vs. populations served, comparison of Kansas to other Regional States, etc. Mr. Brunner responded that a report could be developed which would outline Medicaid's Administration costs but that additional historical budget data would be needed for analysis described above. Ned Holland, Chair of the KHPA Finance Committee, added that the focus of the Committee has been to enhance the Year-to-Year Expenditure report first for the Medicaid Program and then begin the same process for the State Employees Health Benefits program. Chair Hubbell suggested that KHPA budget staff first complete the Year-to-Year Expenditure reports, then develop a State-to-State comparison, then possibly an additional analysis following that.

- **ACTION:** Chair Hubbell requested that, upon adjournment of the 2007 Legislature, the KHPA staff send the Board members an update which will report the final approved KHPA FY 2007 budget as well as the projected FY 2008 budget.
- **ACTION:** Chair Hubbell added that Board members will be asked to bring to the June 19th Board meeting any additional budget information they want to have included on the monthly finance reports shared at the Board meetings.

Mr. Brunner continued with a brief review of the status of the additional staff funding requests for KHPA and the Medicaid Clearinghouse. Although 42 staff positions were requested for KHPA for FY 2008, the legislature authorized a total of 31 with \$1.8 million additional funding. KHPA will begin to identify these 31 positions, to begin posting and recruitment efforts, for possible hiring by July 1, 2007. KHPA had requested additional resources for FY 2007 for the Medicaid Clearinghouse as well, which totaled three staff and about \$520,000 All Funds. Additional resources were requested for the Clearinghouse for FY 2008, totaling four additional staff and about \$520,000 All Funds.

- **ACTION:** Chair Hubbell asked that an update be provided to the Board at the end of FY 2007 which will outline: 1) total number of additional staff authorized; 2) status of hiring the additional 31 KHPA staff; 3) status of Medicaid/HealthWave Contract Shortfall.

KHPA Health Reform Councils by Janis DeBoer, Advisory Council Chair

The following individuals were introduced as Chairs of the three Advisory Councils:

- Jane Chandler Holt, Chair of Purchaser Council
- Peggy Johnson, Chair of Consumer Council
- Janet Williams, Chair of Provider Council

Each Chair reported on the initial planning meetings held earlier in April; all meetings have been well-attended with the participants very eager to share ideas on health care reform. All meeting materials, meeting schedules, and Council memberships are available on the KHPA Advisory Council website at:

www.khpa.ks.gov. The Board members expressed their appreciation to the Council Chairs for their time and commitment to this major initiative; Ms. DeBoer closed the discussion by adding that the Board members were invited to attend the Council meetings and that copies of agendas for future Council meetings will be sent to the Board members as well.

New SRS Managed Care Contracts by SRS Secretary Don Jordan

- Kansas Health Solutions – New Contractor for Prepaid Ambulatory Health Plan (PAHP), for mental health services
- Value Options – New Contractor for Prepaid Inpatient Hospital Plan (PIHP), for substance abuse services
- Update on Psychiatric Residential Treatment Facilities (PRTF)

SRS Secretary Jordan presented to the Board a report (handout provided) on recent new managed care contracts issued by SRS for mental health and substance abuse services, as well as provided an update on the psychiatric residential treatment facilities. He provided history on the concerns expressed by CMS of being considered out of compliance with current practice standards in the areas of mental health, behavioral health, and substance abuse services. Secretary Jordan then reviewed steps which have been taken by SRS to address these concerns and outlined the role of the new Kansas Health Solutions and Value Options contractors in providing mental health and substance abuse services to Kansans, effective July 1, 2007.

ACTION: A request was made to provide the Board with an update on this issue during the month of May.

Discussion of Agency/Ex-Officio Reviews by Connie Hubbell, Chair

Chair Hubbell began by recounting past Board discussions relating to the need for coordination of budget planning, policy planning, and legislative testimony among KHPA, the Cabinet agencies serving on the KHPA Board, and the KS Insurance Department. Dr. Nielsen added that there are currently a number of collaborative meetings in which cross-agency issues can be discussed. These meetings include: 1) Cabinet Secretaries' meetings with the Governor; 2) the monthly KHPA Board meetings; and 3) the bi-monthly meetings between KHPA, SRS, and Aging. However there was a need to be more intentional about coordinating efforts between these agencies, and Chair Hubbell suggested that ideas for coordinating the budget planning process be shared at the June 19th Board meeting.

Public Comment Period

- Scott Day with Days Insurance Solution, a life and health insurance broker, made brief remarks about the draft Health Reform Council Grid that had been prepared and distributed at recent Council meetings. He expressed concern with using the reference "Health Connector" as a primary option on this Grid for the work of the Health Reform Councils. Mr. Day continued that there are many options to consider and questioned why the option of "Health Connector" had been specifically called out on this document.

Board Issues

- Chair Hubbell reported that, according to the KHPA Board By-Laws, the members of the current KHPA Executive Committee are to be elected annually after July 1st. As a result, she requested that members of the Governance and Nominating Committee (Garen Cox, Chair) prepare a slate of new Board officers to bring to the June 19th Board Meeting, to be reviewed and voted upon for the new Board officers
- Members of the Human Capital and Compensation Committee (Arneatha Martin, Chair) were requested by Chair Hubbell to meet during the month of May to review the current agreement between KHPA and the Executive Director, and to bring recommendations to retain Dr. Nielsen as the KHPA Executive Director as well as a salary recommendation.
- Members of both the Finance Committee (Ned Holland, Chair) and the Human Capital and Compensation Committee were asked to meet to begin planning for the search process of the new KHPA Inspector General position, which will become effective July 1st.
- Lastly, the role and the retention of the Board General Counsel were discussed by the Board. Vice-Chair Joe Tilghman suggested that the current General Counsel be retained but limited to the agreed-upon \$25,000 payment limit. Discussion followed regarding the need for the General Counsel to be present at all Board meetings and retreats. The consensus was that the General Counsel be retained to review Board documents to include agendas, minutes, and reports, as well as attend the monthly KHPA Executive Committee planning meetings; but that the Counsel's attendance at the regular monthly Board meetings would not be required. The following suggestions were made:
 - Amend the sole source procurement for litigation to increase the limit to \$150,000;
 - Reissue contract under the Professional Sunshine Act and require that expenses are limited to

- \$25,000 per fiscal year;
- Amend the timeframe of this contract to begin July 1st of each fiscal year.
- KHPA General Counsel to coordinate developing these documents, to be reviewed by the KHPA Finance Committee.

Adjournment

Next Meeting: (May 15th Board meeting has been cancelled.) The Board will meet next on Tuesday, June 19, 2007, 8:30 am to 3:30 pm at the Eisenhower State Office Building, 700 SW Harrison, 4th Floor, West Wing Conference Room B, Topeka KS.

Suggested Agenda Items for June meeting

- Follow-up on Board Issues:
 - Slate of New Officers for KHPA Executive Committee
 - Search Process for Inspector General
 - Recommendations to retain and review current Executive Director's agreement with KHPA
- Update: Medicaid Managed Care Organizations
- Update: Transition to new SRS Managed Care Contracts
- Update: State Wellness/HealthQuest Proposal
- Approval of Proposed Regulation 129-5-65 re: Filing Limitations for Medical Claims
- Health Reform: Summary of Councils' meetings – Consultants work – Completion of Grid
- Budget Presentations by Cabinet Secretaries for Aging, KDHE, and SRS

5-11-07